

**The State Legislature has not devised a specific funding mechanism for open-enrollment charter schools. The Legislature funds charter schools by applying the school district funding mechanism to charter schools. Like school districts, charter school funding is computed in two tiers, Tier I and Tier II.**

## Tier I Funding

For school districts, the state-assigned Basic Allotment (\$5,140.00 in 2017–18) is adjusted to account for each school district's tax rate, size, sparsity and cost of education. Tex. Educ. Code §42.101.

**Not for Charters:** Adjustments are not made for each charter school based on the charter schools' individual characteristics. Instead, the State-wide Average Adjusted Allotment, the average of all school district Adjusted Allotments, is applied to every charter school, regardless of a particular charter school's size, sparsity or cost of education.

## Tier II Funding

Tier II funding provides guaranteed levels of enrichment to school districts and charter schools. Tier II funding is dependent upon Tier I funding. Thus, for charter schools, both Tier I and Tier II funding is negatively impacted by the use of the Statewide Average Adjusted Allotment.

**Not for Charters:** The gap in Tier I also adversely impacts Tier II.

## Facilities Funding

School districts can levy local property taxes to pay for facilities. Additionally, the state subsidizes facilities for low-wealth districts by guaranteeing a yield on interest and sinking fund taxes from the state through the Instructional Facilities Allotment (IFA) or the Existing Debt Allotment (EDA). Tex. Educ. Code §42.007.

**Not for Charters:** Charter advocates were successful in passing limited charter school facilities funding during the 85th Legislative Session. Though this was a major win for the charter community, the resulting funds to be distributed in 2019 are dependent upon performance and are capped at \$60 million per year, which is estimated to provide less than \$200 per student, doing little to close the large gap between ISD and charter school funding.

**Charter School Students are Not Worth Less.** On average, charter school students receive \$1,400 less than their school district counterparts. The result of the marked differences in funding between school districts and charter school funding is a significant and continual disparity between the amount of combined state and local funding that school districts and charter schools receive from the State of Texas.